

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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R 141835Z NOV 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 6576

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

USDEL MTN GENEVA

C O N F I D E N T I A L LONDON 17613

E.O. 11652: GDS

TAGS: ETRD, UK

SUBJECT: GROWING SPECULATION ABOUT IMPORT CONTROLS

1. SPEAKING TO A NOVEMBER 11 MEETING OF THE PARLIAM-  
MENTARY LABOR PARTY, CHANCELLOR OF THE EXCHEQUER DENIS  
HEALEY REPEATED THE SUBSTANCE OF WHAT OTHER GOVERN-  
MENT SPOKESMEN (NOTABLY TRADE MINISTER PETER SHORE)

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HAVE SAID EARLIER, THAT THE GOVERNMENT IS PREPARED TO

INTRODUCE SELECTIVE, SHORT-TERM IMPORT CONTROLS IF THIS SHOULD BECOME NECESSARY. HEALEY SAID SPECIFICALLY THAT THE GOVERNMENT IS PREPARED TO USE "SHORT-TERM SELECTIVE IMPORT CONTROLS WHERE WE ARE SATISFIED IT IS NECESSARY TO PRESERVE FIRMS OR SECTORS OF INDUSTRY WHICH WILL BE VIABLE WHEN RECOVERY IS UNDERWAY BUT WHICH COULD OTHERWISE BE WIPED OUT BY EXTERNAL COMPETITION DURING THE RECESSION."

2. EMBASSY HAS BEEN TOLD BY GOVERNMENT OFFICIALS, MOST SIGNIFICANTLY PETER THORNTON (PERMANENT SECRETARY, DEPARTMENT OF TRADE), THAT HEALEY'S STATEMENT DOES NOT REPRESENT ANY CHANGE IN EXISTING POLICY; THE GOVERNMENT IS SIMPLY KEEPING THE SELECTIVE CONTROL OPTION OPEN. THE QUALITY PRESS, HOWEVER, CARRIED FRONT-PAGE HEADLINES LIKE "HEALEY PAVES WAY FOR IMPORT CONTROLS" AND "CHANCELLOR READY TO USE IMPORT CURBS."

3. HEALEY'S STATEMENT CAME ONE DAY AFTER THE HOME POLICY COMMITTEE OF THE LABOR PARTY CALLED FOR THE INTRODUCTION OF IMPORT CONTROLS WHICH WOULD CUT IMPORTS BY 3 BILLION POUNDS A YEAR (ABOUT A 13 PER CENT CUT FROM 1974 TOTAL IMPORTS OF 23 BILLION POUNDS). THE LABOR PARTY'S NATIONAL EXECUTIVE COMMITTEE ALMOST CERTAINLY WILL PUT THIS DEMAND TO THE CABINET WHEN THEY MEET ON NOVEMBER 26. THIS STEP WOULD BE AN ADDITION TO THE PRESSURE ALREADY BEING PUT ON THE GOVERNMENT BY THE TUC AND OTHERS TOWARD IMPORT CONTROLS TO ALLEVIATE UNEMPLOYMENT.

4. SOME COUNTER PRESSURE AGAINST IMPORT CONTROLS IS CONTAINED IN THE UK'S NEW BORROWING AGREEMENT WITH THE IMF (REPORTED LONDON 17130). AS PART OF THE ARRANGEMENT TO DRAW UP TO 575 MILLION POUNDS FROM THE FUND'S OIL FACILITY, THE UK IS REQUIRED TO REFRAIN FROM INTRODUCING ANY NEW, OR INTENSIFYING ANY EXISTING, RESTRICTIONS ON TRADE OR PAYMENTS WITHOUT PRIOR CONSULTATIONS WITH THE FUND.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, TRADE, IMPORT CONTROLS, COMMITTEE MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 NOV 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975LONDON17613  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 28 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <28 APR 2003 by BoyleJA>; APPROVED <29 APR 2003 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GROWING SPECULATION ABOUT IMPORT CONTROLS  
**TAGS:** ETRD, UK, (HEALEY, DENIS), (SHORE, PETER), (THORTON, PETER)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006